Hike in power tariff

1650. SHRIBALWANTAL/ASBALAPTE:

SHRI RUDRANARAYAN PANY:

Will the Minister of POWER be pleased to state:

(a) whether Government are aware of the adverse effect of the continuous increase in power tariffs on the agriculture, industry and common man;

(b) if so, the power tariff for different sectors *viz.* agriculture, industry and domestic, in the country, State-wise;

(c) the extent of hike in power tariff by SEBs in the States recorded during the last two years, State-wise; and

(dj the steps taken/proposed to be taken by Government to check the frequent hike in power tariff?

THE MINISTER OF POWER (SHRI P. M. SAYEED): (a) to (d) Under the Electricity Act, 2003, the tariff for supply of power to various categories of consumers is to be determined by the State Electricity Regulatory Commissions and in doing so these Commissions are required to be guided by the provisions contained in Section 61 of the Act which, *inter alia,* include the factors which would encourage competition, efficiency, economical use of the resources, safeguarding of consumer's interest and at the same time ensure recovery of the cost of electricity in a reasonable manner. The State Commissions are also required to ensure transparency while exercising its powers and discharging its functions.

Statements showing estimated average rate of electricity as on 1.4.2004 and 1.3.2005 are given in the Annexure [See Appendix 204,Annexure No. 17]

A number of steps have been taken to reduce the cost of power. The benefit under Mega Power Policy which provides for zero customs duty for import of capital equipment and deemed export benefits for domestic suppliers has been extended to all inter-state projects which fulfil the basic criteria of minimum capacity of 1000 MW for thermal and 500 MW for hydel project.

Further, the Government of India has taken following fiscal measures for the power sector.

— Reduction of the aggregate duty on transmission and distribution equipments from the level of 25% (Basic Customs Duty)+16% (CV Duty)+4% (Special additional duty) to 10% (BCD)+16% (CVD).

— Reduction of customs duty on electricity meters from 25% to 15%.

— Reduction of customs duty on coal from 25% to 5%.

The Accelerated Power Development and Reforms Programme (APDRP) have been launched for financing projects for system loss reduction which in turn has the effect of reducing the cost of delivered power.

The Electricity Act, 2003 creates a liberal framework for development of the power sector and reduces the entry barrier in different segments of power supply industry. This is expected to encourage competition and in turn efficiency improvements, resulting in cost reduction and quality supply of power to the consumers at competitive rates.

The Central Government has issued guidelines for Determination of Tariff by bidding under Section 63 of the Electricity Act, 2003 on 19th January 2005. This will encourage competition in procurement of electricity by distribution companies.

Shortage of power in Karnataka

1651. SHRIMATI PREMA CARIAPPA: Will the Minister of POWER be pleased to state:

(a) whether Government are aware of the fact that Karnataka is facing an unprecedented shortage of Power.

(b) if so, whether Government have received a proposal of power sector reform programmes from Government of Karnataka; and

(c) if so, what are the details of measures taken to set right the unprecedented shortage of power in Karnataka?

THE MINISTER OF POWER (SHRI P.M. SAYEED): (a) Energy and Peak shortages in the State of Karnataka declined from 14% and 15.8% during April, 2003—February 2004' to 4.5% and 9.6% respectively during April 2004—February 2005.

(b) Government of Karnataka had submitted a proposal in 2002 seeking World Bank assistance for Power Sector Reforms in the State.